

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

UNITED STATES OF AMERICA

v.

MARVIN PEUGH and
STEVEN HOLLEWELL

)
) No. 08 CR 50014
)
) Violation: Title 18, United States
) Code, Section 1344
)

FILED

MAR 18 2008

MAGISTRATE JUDGE P. MICHAEL MAHONEY
United States District Court

COUNT ONE

The DECEMBER 2006 GRAND JURY charges:

I. At times material herein:

(a) The Grainary, Inc. (the "Grainary"), was an Illinois corporation that was engaged in the business of purchasing, selling, drying, and storing grain. The Grainary's business was located at 24751 U.S. Highway 52, Lanark, Illinois. The Grainary was licensed by the Illinois Department of Agriculture as a grain dealer and as a warehouseman.

(b) Defendant MARVIN PEUGH was the President of the Grainary.

(c) Defendant STEVEN HOLLEWELL was the Secretary of the Grainary.

(d) The defendants, MARVIN PEUGH and STEVEN HOLLEWELL, jointly managed the day to day business activities of the Grainary.

(e) The State Bank ("State Bank"), which maintained an office located at Freeport, Illinois, was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation.

(f) The State Bank of Davis, which maintained offices located at Davis, Illinois and Freeport, Illinois, was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation.

(g) Agri-Tech, Inc. ("Agri-Tech") was an Illinois corporation that was engaged in the business of custom farming. For performing custom farming services for its customers, who were the owners and tenants of land used to grow grain, Agri-Tech received monetary payments. MARVIN PEUGH and STEVEN HOLLEWELL were shareholders and directors of Agri-Tech. MARVIN PEUGH was President of Agri-Tech and STEVEN HOLLEWELL was Treasurer. MARVIN PEUGH and STEVEN HOLLEWELL jointly managed the day to day business activities of Agri-Tech.

2. Beginning in or about January 1999, and continuing thereafter through in or about August 2000, in the Northern District of Illinois, Western Division, and elsewhere,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, knowingly devised and engaged in a scheme to defraud the State Bank of Davis and the State Bank, and to obtain moneys, funds, and credits owned by and under the custody and control of those two banks by means of materially false and fraudulent pretenses, representations, and promises.

3. It was the object of the scheme that the defendants would acquire, renew, and maintain loans to the Grainary from the State Bank of Davis and the State Bank in total amounts exceeding \$2,500,000.

4. It was a part of the scheme that the defendants created fraudulent and misleading contracts for the future delivery and sale of hundreds of thousands of bushels of grain by Agri-Tech to the Grainary. These contracts were for Agri-Tech to deliver and sell grain it produced, when in truth and fact, Agri-Tech was not a producer of grain. More specifically, Agri-Tech did not own or lease any land, and did not receive grain from any land on which it operated.

5. It was a part of the scheme that the defendants, for the purpose of inducing the State Bank of Davis and the State Bank to make loans or to extend credit to the Grainary, and to induce the State Bank to continue such loans and extensions of credit, made various false, fraudulent, and misleading statements and representations to the two banks concerning these future delivery contracts.

6. It was further part of the scheme that for the purpose of falsely exaggerating and misrepresenting the Grainary's financial condition to the State Bank of Davis and the State Bank, the defendants included the value of these future delivery contracts in Grainary financial information that they provided to the State Bank of Davis and the State Bank.

7. During mid-January 1999, at Freeport, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, knowingly executed the above described scheme by submitting, as part of a loan application to the First State Bank of Davis, an Independent Auditor's Report dated

October 20, 1998, a Daily Position Report dated January 15, 1999, and a document with Grainary financial information titled "The Grainary, Inc. January 12, 1999," all of which contained fraudulent and misleading information about the Agri-Tech future delivery contracts;

In violation of Title 18, United States Code, Section 1344.

COUNT TWO

1. Paragraph One through Six of Count One of this Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about February 15, 2000, at Freeport, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, knowingly executed the above described scheme by submitting, as part of a loan application to the State Bank, an Independent Auditor's Report dated September 21, 1999, a Borrowing Base Certificate for the month ended January 31, 2000, and a document with Grainary financial information titled "The Grainary, Inc. January 31, 2000," all of which contained fraudulent and misleading information about the Agri-Tech future delivery contracts;

In violation of Title 18, United States Code, Section 1344.

COUNT THREE

1. Paragraph One through Six of Count One of this Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about June 5, 2000, at Freeport, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, knowingly executed the above described scheme by submitting, as part of a loan application to the State Bank, a Borrowing Base Certificate for the month ended May 31, 2000, a Daily Position Report dated May 26, 2000, and a document with Grainary financial information titled "The Grainary, Inc. May 31, 2000," all of which contained fraudulent and misleading information about the Agri-Tech future delivery contracts;

In violation of Title 18, United States Code, Section 1344.

COUNT FOUR

1. Sub-paragraphs (a)-(f) of Paragraph One of Count One of this Indictment are re-alleged and incorporated herein as if fully set forth

2. At times material herein:

(a) Savanna State Bank, now known as Savanna-Thomson State Bank ("Savanna Bank"), which maintained an office located at Savanna, Illinois, was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation.

(b) Mercantile Bank of Illinois, now known as U.S. Bank ("Mercantile Bank") which maintained an office located at Freeport, Illinois, was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation.

(c) Grand National Bank, now known as Fifth Third Bank ("Grand National Bank"), which maintained an office located at Sterling, Illinois, was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation.

(d) MARVIN PEUGH and STEVEN HOLLEWELL were authorized to sign checks on, and make deposits to a checking account at Savanna Bank in the name of The Grainary.

(e) MARVIN PEUGH was authorized to sign checks on, and make deposits to a checking account at Savanna Bank in his name.

(f) STEVEN HOLLEWELL was authorized to sign checks on, and make deposits to a checking account at Savanna Bank in his name.

(g) MARVIN PEUGH and STEVEN HOLLEWELL were authorized to sign checks on, and make deposits to a checking account at Mercantile Bank in the name of the Grainary.

(h) MARVIN PEUGH and STEVEN HOLLEWELL were authorized to sign checks on, and make deposits to a checking account at State Bank in the name of the Grainary.

(i) MARVIN PEUGH was authorized to sign checks on, and make deposits to a checking account at State Bank in his name.

(j) STEVEN HOLLEWELL was authorized to sign checks on, and make deposits to a checking account at Grand National Bank in the name of Hope Group, Inc.

3. From at least in or about March 2000, and continuing until in or about August 2000, in Lanark, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, did knowingly devise, intend to devise, and participate in a scheme to defraud Savanna State Bank, Mercantile Bank of Illinois, State Bank, and Grand National Bank, which scheme, commonly known as a "check kite," is described as follows:

4. It was part of the scheme to defraud that MARVIN PEUGH and STEVEN HOLLEWELL caused a series of checks made payable to, among others, themselves, the Grainary, and Hope Group, Inc., to be written and drawn on the accounts at Savanna Bank,

Mercantile Bank, Grand National Bank, State Bank and others, knowing that the balance in each account was insufficient to cover these checks.

5. It was further part of the scheme to defraud that MARVIN PEUGH and STEVEN HOLLEWELL caused worthless checks drawn on these accounts to be deposited into other accounts for the purpose of creating false balances in those accounts and in order to deceive those banks into honoring and paying checks drawn on those accounts.

6. It was a further part of the scheme that during the time period alleged, as a result of the artificially inflated balances generated by the defendants, they were able to withdraw approximately \$460,000 from the inflated accounts at the banks, which was not supported by actual funds.

7. On or about July 11, 2000, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, did knowingly execute and attempt to execute the aforesaid scheme to defraud by depositing check number 329 in the amount of \$63,000, written on an account in the name of MARVIN PEUGH, into an account at State Bank, which worthless check fraudulently inflated the numerical balance in the account into which it was deposited;

In violation of Title 18, United States Code, Section 1344.

COUNT FIVE

1. Paragraphs One through Six of Count Four of this Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about July 12, 2000, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWEILL,

defendants herein, did knowingly execute and attempt to execute the aforesaid scheme to defraud by depositing check number 7081 in the amount of \$63,220, written on an account in the name of the Grainary, into an account at Savanna Bank, which worthless check fraudulently inflated the numerical balance in the account into which it was deposited;

In violation of Title 18, United States Code, Section 1344.

COUNT SIX

1. Paragraphs One through Six of Count Four of this Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about July 14, 2000, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, did knowingly execute and attempt to execute the aforesaid scheme to defraud by depositing check number 2126 in the amount of \$131,300, written on an account in the name of the Grainary, into an account at Savanna Bank, which worthless check fraudulently inflated the numerical balance in the account into which it was deposited;

In violation of Title 18, United States Code, Section 1344.

COUNT SEVEN

1. Paragraphs One through Six of Count Four of this Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about July 17, 2000, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, did knowingly execute and attempt to execute the aforesaid scheme to defraud by depositing check number 3084 in the amount of \$131,940, written on an account in the name of STEVEN HOLLEWELL, into an account at State Bank, which worthless check fraudulently inflated the numerical balance in the account into which it was deposited;

In violation of Title 18, United States Code, Section 1344.

COUNT EIGHT

1. Paragraphs One through Six of Count Four of this Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about July 21, 2000, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, did knowingly execute and attempt to execute the aforesaid scheme to defraud by depositing check number 7092 in the amount of \$265,150, written on an account in the name of the Grainary, into an account at Savanna Bank, which worthless check fraudulently inflated the numerical balance in the account into which it was deposited;

In violation of Title 18, United States Code, Section 1344.

COUNT NINE

1. Paragraphs One through Six of Count Four of this Indictment are re-alleged and incorporated herein as if fully set forth.

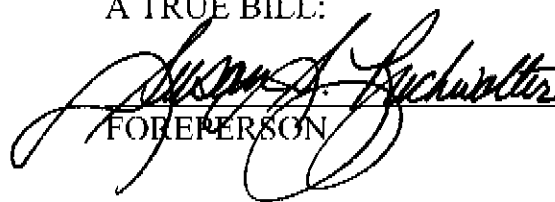
2. On or about July 21, 2000, in the Northern District of Illinois, Western Division,

MARVIN PEUGH
and
STEVEN HOLLEWELL,

defendants herein, did knowingly execute and attempt to execute the aforesaid scheme to defraud by depositing check number 2139 in the amount of \$271,320, written on an account in the name of the Grainary, into an account at Mercantile Bank, which worthless check fraudulently inflated the numerical balance in the account into which it was deposited;

In violation of Title 18, United States Code, Section 1344.

A TRUE BILL:


FOREPERSON


UNITED STATES ATTORNEY

No.: 08 CR 50014

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

UNITED STATES OF AMERICA

VS.

MARVIN PEUGH & STEVEN HOLLEWELL

INDICTMENT

Violation(s): Title 18, United States Code, Section 1344

A true bill

James L. Suchan
Foreman

Filed in open court this 18 day of March, A.D. 2008

Sam J. Gantz
Clerk

Bail S

MAGISTRATE JUDGE P. MICHAEL MAHONEY
United States District Court

MAR 18 2008

FILED